

Suite 315, 850 W. Hastings Street, Vancouver B.C. V6C 1E1 • Telephone (604) 685-4368

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VANCOUVER, B.C., MAY 29, 1979:

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CAROLIN MINES LTD. - (Vancouver stock symbol: CLLV; NASDAQ: CRLNF) announced today the completion of the feasibility study, prepared by Kilborn Engineering Ltd., a major international consulting firm, to assess the viability of putting Carolin's Ladner Creek gold property into production. The feasibility study is positive, and has been delivered to Carolin and its joint venture partner the Aquarius Group, composed of three oil companies: Great Basin Petroleum Ltd., Ocelot Industries Ltd., Canadian Obas Oil Ltd., and a mining company Aquarius Resources Ltd.

Kilborn concludes that it is technically and economically feasible to mine and mill gold ore from Carolin's Idaho Zone gold deposit, and recommends startup at a milling rate of 1,500 short tons per day equivalent to 525,000 short tons per year. The study also projects payback of the entire required capital investment from cashflow within 2.13 to 2.93 years, assuming a price per ounce for gold ranging from \$250.00 Can. (approximately \$216.00 U.S.) to \$300.00 Can. (approximately \$260.00 U.S.). Capital and development costs are estimated at

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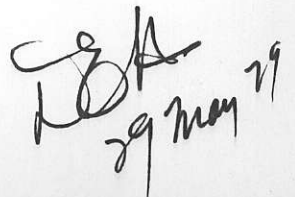
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\$19,293,000 Can., all of which, pursuant to the joint venture agreement will be provided by the Aquarius Group if they wish to hold their current interest. Operating costs are estimated by Kilborn at \$12.53 Can. per short ton of ore milled. Kilborn recommends that a conventional, highly mechanized, low cost sublevel open stoping method of mining be used. Processing is to be by conventional flotation - concentrate cyanidation. The study estimates present drill-indicated ore reserves, based on a cut-off of 0.08 oz. per short ton, and applying anticipated mining dilution, at 1,530,000 tonnes, grading 0.141 oz. troy gold per tonne.



ORVAL E. GILLESPIE

President



29 May 79

RICHARDSON GEOLOGICAL CONSULTING LTD

4161 CROWN CRESCENT, VANCOUVER, B.C. V6R 2A8

TELEPHONE: (604) 224-1282

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June 1, 1979.

Mr. S. S. H. Bruce, Vice President,
Dome Mines Limited,
600-365 Bay Street,
Toronto, Ontario M5H 2V9.

Dear Wally,

Enclosed is the Carolin Mines feasibility study by Kilborn Engineering.

Orval asked that the study be kept on a semi-confidential basis, that is, not copied and passed around.

His reason for giving you a copy was that you had taken the time to drop in and see him, and had shown interest in his project. I asked him if there might be some room for another participant at some future time, and he repeated that Carolin, separate from the

area on which the Ladner Creek Project lies, has other ground in the region and would like help in exploring it. Don Cochrane is preparing a compilation report on the area and Orval will give me a copy when it is done. He was vague about possible room for participation in the Ladner Creek Project itself. I got the impression that if there ever is room he will be back in touch with you.

With best wishes,
Yours very truly,
Paul.